
PHOENIX LEARNING AND CARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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PHOENIX LEARNING AND CARE LIMITED

COMPANY INFORMATION

Directors	F HR Delbaere J H Pain T Massie (appointed 1 September 2020) M A Heywood-Briggs (appointed 1 September 2020)
Company secretary	F HR Delbaere
Registered number	03586426
Registered office	Support Hub Unit 5 Chinon Court Tiverton Devon EX16 6SS
Independent auditors	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditors Portwall Place Portwall Lane Bristol BS1 6NA

PHOENIX LEARNING AND CARE LIMITED

CONTENTS

	Page
Strategic Report	1
Directors' Report	2 - 3
Independent Auditors' Report	4 - 7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 - 23

PHOENIX LEARNING AND CARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2021

The Directors present their Strategic Report for the year ended 31 August 2021.

Business review

A full business review is provided in the Group Strategic Report found in the financial statements of the parent company, Phoenix Learning & Care Holdings Limited.

Principal risks and uncertainties

The Directors of Phoenix Learning & Care Holdings Limited manage the Group's risks at a group level rather than at an individual company level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of Phoenix Learning and Care Limited's business. The principal risks and uncertainties of Phoenix Learning & Care Holdings Limited, which include those of Phoenix Learning and Care Limited, are discussed in the Directors' Report of the Group's Annual Report which does not form part of this Report.

Financial risk management objectives and policies

The company has tight risk management objectives and policies.

Credit risk

The company's principal financial assets are bank balances, and trade and other receivables.

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Financial key performance indicators

The KPI analysis and discussion has been performed in the Group Strategic Report in the Group's financial statements which does not form part of this report.

This report was approved by the board on 28/10/2022 and signed on its behalf.



F HR Delbaere
Director

PHOENIX LEARNING AND CARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their report and the financial statements for the year ended 31 August 2021.

Principal activity

The principal activity of the company during the year was the provision of specialist further education services for students with learning disabilities and ongoing continuing care and supported living services for Adults.

Results and dividends

The profit for the year, after taxation, amounted to £548,426 (2020 -loss £3,674,779).

The Directors recommended a final dividend for the year of £nil (2020 - £nil).

Directors

The directors who served during the year were:

F HR Delbaere
J H Pain
T Massie (appointed 1 September 2020)
M A Heywood-Briggs (appointed 1 September 2020)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PHOENIX LEARNING AND CARE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Future developments

The Company will continue to provide high quality care and education for young people and adults with social, emotional, mental health and learning difficulties.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Auditors

The auditors, CLA Evelyn Partners Limited (formerly Nexia Smith & Williamson Audit Limited), will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



F HR Delbaere
Director

Date: 28/10/2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHOENIX LEARNING AND CARE LIMITED

Opinion

We have audited the financial statements of Phoenix Learning And Care Limited (the 'company') for the year ended 31 August 2021 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the the company's affairs as at 31 August 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 2.3 to the financial statements concerning the company's ability to continue as a going concern.

The company is party to an unlimited intercompany guarantee in respect of the group's bank facilities. However, Phoenix Learning & Care Holdings Limited discloses a material uncertainty relating to going concern as the continuing ability of the group and parent company is dependent on the refinancing of the other loans.

As further explained in note 2.3 to the financial statements, this indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Notwithstanding the above, in auditing the financial statements we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

PHOENIX LEARNING AND CARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHOENIX LEARNING AND CARE LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or, otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

PHOENIX LEARNING AND CARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHOENIX LEARNING AND CARE LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management concerning their understanding of the relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the company's industry and regulation.

We understand the company complies with requirements of the framework through:

- Outsourcing statutory accounts preparation and tax compliance to external experts.
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly and are considered at Board meetings.
- Seeking relevant updates, and updating internal procedures and controls as necessary as legal and regulatory requirements change.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the company's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.
- Ofsted regulations, due to the nature of the company's operations.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Inspected the most recent correspondence with Ofsted regarding the outcome of inspections at all sites.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Manipulation of the financial statements, especially revenue through manual journal entries.

These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Testing a sample of revenue transactions to underlying documentation; and
- Testing a sample of manual journal entries, selected through applying specific risk assessments based on the company's processes and controls surrounding manual journal entries.

PHOENIX LEARNING AND CARE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHOENIX LEARNING AND CARE LIMITED
(CONTINUED)**

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CLA Evelyn Partners Limited

Kelly Jones (Senior Statutory Auditor)

for and on behalf of
CLA Evelyn Partners Limited

Chartered Accountants
Statutory Auditors

Portwall Place
Portwall Lane
Bristol
BS1 6NA

Date: 31/10/2022

PHOENIX LEARNING AND CARE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	2021 £	2020 £
Turnover	4	7,033,749	6,654,808
Cost of sales		(5,149,712)	(4,872,984)
Gross profit		1,884,037	1,781,824
Administrative expenses		(1,289,929)	(1,219,997)
Exceptional administrative expenses	9	-	(4,210,616)
Other operating income		-	38,115
Operating profit/(loss)	5	594,108	(3,610,674)
Interest payable and expenses		(8,708)	(4,938)
Profit/(loss) before tax		585,400	(3,615,612)
Tax on profit/(loss)	8	(36,974)	(59,167)
Profit/(loss) for the financial year		548,426	(3,674,779)

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 11 to 23 form part of these financial statements.

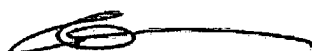
All amounts relate to continuing operations.

PHOENIX LEARNING AND CARE LIMITED
REGISTERED NUMBER: 03586426

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10	3,317,200	2,995,686
		<u>3,317,200</u>	<u>2,995,686</u>
Current assets			
Stocks		7,823	7,823
Debtors: amounts falling due within one year	11	1,520,098	1,680,333
Bank & cash balances		657,864	107,506
		<u>2,185,785</u>	<u>1,795,662</u>
Creditors: amounts falling due within one year	12	(2,308,347)	(2,127,134)
Net current liabilities		<u>(122,562)</u>	<u>(331,472)</u>
Total assets less current liabilities		<u>3,194,638</u>	<u>2,664,214</u>
Creditors: amounts falling due after more than one year	13	(160,654)	(191,005)
Provisions for liabilities			
Deferred tax	15	(62,718)	(50,369)
Net assets		<u><u>2,971,266</u></u>	<u><u>2,422,840</u></u>
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account	17	2,971,166	2,422,740
		<u><u>2,971,266</u></u>	<u><u>2,422,840</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



F HR Delbaere
Director

Date: 28/10/2022

The notes on pages 11 to 23 form part of these financial statements.

PHOENIX LEARNING AND CARE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 September 2019	100	6,097,519	6,097,619
Comprehensive income for the year			
Loss for the year	-	(3,674,779)	(3,674,779)
At 1 September 2020	100	2,422,740	2,422,840
Comprehensive income for the year			
Profit for the year	-	548,426	548,426
At 31 August 2021	100	2,971,166	2,971,266

The notes on pages 11 to 23 form part of these financial statements.

PHOENIX LEARNING AND CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. General information

Phoenix Learning and Care Limited is a private company, limited by shares, registered in England and Wales. The registered office is Support Hub, Unit 5 Chinon Court, Lower Moor Way, Tiverton, Devon, EX16 6SS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

2.2 Exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Phoenix Learning & Care Holdings Limited as at 31 August 2021 and these financial statements may be obtained from its registered address: Support Hub, Unit 5 Chinon Court, Lower Moor Way, Tiverton, Devon, EX16 6SS.

PHOENIX LEARNING AND CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.3 Going concern

The financial statements are prepared on a going concern basis. The directors have reviewed the company's forecasts and projections and have taken into account any reasonable likely changes to trading performance.

The company is party to an unlimited intercompany guarantee in respect of the group's bank facilities as detailed in note 18. Total borrowings subject to this agreement exceed current assets within the company.

The group discloses a material uncertainty relating to going concern as the continuing ability of the group and parent company is dependent on the refinancing of the other loans. This material uncertainty arises as the group's other loans and associated balances within accruals (total of £12.6m) are repayable within 12 months from signing the financial statements and the going concern status of the group is dependent on the refinancing of these. The loan note holders are supportive of the business and it is fully anticipated that the loan note agreements will be extended if required. However, the directors acknowledge that this circumstance represents a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, has the continued financial support from the ultimate majority shareholder (Ashridge Capital) and are confident about the refinancing of the expiring facilities. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 Turnover

The turnover shown in the Statement of comprehensive income represents amounts invoiced during the year. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of consideration due.

Where a contract has been only partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

PHOENIX LEARNING AND CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 years
Leasehold property	- 12.5% to 25% straight line
Plant & machinery	- 10% to 33% straight line
Motor vehicles	- 25% straight line
Fixtures & fittings	- 10% to 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for the obsolete and slow moving stocks.

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate

PHOENIX LEARNING AND CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.7 Financial instruments (continued)

determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

PHOENIX LEARNING AND CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Operating leases

Rentals under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.13 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

PHOENIX LEARNING AND CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.15 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.16 Consolidation

The company was, at the year end, a wholly owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

The key areas of judgement and estimation uncertainty in these financial statements are highlighted below:

Valuation of tangible assets

At each balance sheet date, tangible assets totalling £3,317,200 (£2,995,686 in 2020) are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of comprehensive income. No impairment has been recognised in 2021.

Valuation of debtors

Debtor balances totalling £1,520,098 (£1,680,333 in 2020) are reviewed periodically by management for evidence of impairment with reference to the financial position of the counterparty. Where indicators of impairment are identified and it is considered probable that the debt will not be recovered in full, a provision is recognised. No impairment has been recognised in 2021.

4. Turnover

The whole of the turnover is attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

PHOENIX LEARNING AND CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets;		
- owned by the company	82,988	59,701
- held under finance lease	28,537	31,488
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	11,700	9,150
Defined contribution pension cost	82,167	74,362
Operating lease rentals	268,059	263,650
	<u>268,059</u>	<u>263,650</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	4,341,848	4,147,367
Social security costs	384,697	329,379
Cost of defined contribution scheme	82,167	74,362
	<u>4,808,712</u>	<u>4,551,108</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Number of staff	<u>208</u>	<u>203</u>

A number of directors are remunerated through Phoenix Child Care Limited, the immediate parent company.

PHOENIX LEARNING AND CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	104,209	-
Company contributions to defined contribution pension schemes	6,132	-
	<u>110,341</u>	<u>-</u>

During the year retirement benefits were accruing to 1 director (2020 -NIL) in respect of defined contribution pension schemes.

8. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	24,625	56,691
Total current tax	<u>24,625</u>	<u>56,691</u>
Deferred tax		
Origination and reversal of timing differences	5,268	(3,261)
Changes to tax rates	13,788	5,645
Adjustments in respect of prior periods	(6,707)	92
Total deferred tax	<u>12,349</u>	<u>2,476</u>
Taxation on profit on ordinary activities	<u>36,974</u>	<u>59,167</u>

PHOENIX LEARNING AND CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 -higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	585,400	(3,615,612)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	111,226	(686,966)
Effects of:		
Expenses not deductible for tax purposes	1,572	801,305
Adjustments to tax charge in respect of prior periods	(6,707)	92
Non-taxable income	(516)	-
Fixed asset differences	6,763	5,863
Adjusting deferred tax to closing rate	15,052	5,645
Group relief	(90,416)	(66,772)
Total tax charge for the year	36,974	59,167

Factors that may affect future tax charges

Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. Corporation tax continues to be charged at 19% but deferred tax has now been calculated at 25%.

9. Exceptional items

	2021 £	2020 £
Write off of Intercompany balances	-	4,210,616
	-	4,210,616

PHOENIX LEARNING AND CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

10. Tangible fixed assets

	Freehold property £	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation						
At 1 September 2020	3,055,723	282,558	549,814	375,315	267,477	4,530,887
Additions	344,949	20,500	31,100	11,513	24,977	433,039
At 31 August 2021	<u>3,400,672</u>	<u>303,058</u>	<u>580,914</u>	<u>386,828</u>	<u>292,454</u>	<u>4,963,926</u>
Depreciation						
At 1 September 2020	366,277	266,230	487,339	260,365	154,990	1,535,201
Charge for the year on owned assets	34,103	3,844	10,846	17,846	16,349	82,988
Charge for the year on financed assets	-	-	-	28,537	-	28,537
At 31 August 2021	<u>400,380</u>	<u>270,074</u>	<u>498,185</u>	<u>306,748</u>	<u>171,339</u>	<u>1,646,726</u>
Net book value						
At 31 August 2021	<u>3,000,292</u>	<u>32,984</u>	<u>82,729</u>	<u>80,080</u>	<u>121,115</u>	<u>3,317,200</u>
At 31 August 2020	<u>2,689,446</u>	<u>16,328</u>	<u>62,475</u>	<u>114,950</u>	<u>112,487</u>	<u>2,995,686</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Motor vehicles	32,402	60,939
	<u>32,402</u>	<u>60,939</u>

All assets above are subject to a fixed and floating charge relating to Standard Mortgage Debenture held in the name of Phoenix Learning and Care Limited.

PHOENIX LEARNING AND CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

11. Debtors

	2021 £	2020 £
Trade debtors	932,926	1,551,792
Amounts owed by group undertakings	394,943	-
Other debtors	35,867	33,586
Prepayments and accrued income	156,362	94,955
	<u>1,520,098</u>	<u>1,680,333</u>

12. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	109,434	61,325
Amounts owed to group undertakings	36,689	-
Corporation tax	24,708	30,974
Other taxation and social security	73,601	77,318
Obligations under finance lease and hire purchase contracts	22,518	21,774
Other creditors	213,340	257,982
Accruals and deferred income	1,828,057	1,677,761
	<u>2,308,347</u>	<u>2,127,134</u>

The hire purchase creditors are secured on the assets to which they relate.

13. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Net obligations under finance leases and hire purchase contracts	16,422	34,753
Accruals and deferred income	144,232	156,252
	<u>160,654</u>	<u>191,005</u>

PHOENIX LEARNING AND CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

14. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	22,518	21,774
Between 1-2 yrs	16,422	34,753
	<u>38,940</u>	<u>56,527</u>

15. Deferred taxation

	2021 £	2020 £
At beginning of year	(50,369)	(47,893)
Charged to profit or loss	(12,349)	(2,476)
At end of year	<u>(62,718)</u>	<u>(50,369)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(87,394)	(66,570)
Short term timing differences	24,676	16,201
	<u>(62,718)</u>	<u>(50,369)</u>

16. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 (2020 -100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

PHOENIX LEARNING AND CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

17. Reserves

Profit & loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

18. Contingencies

The company is party to a composite guarantee dated 3 April 2017 with the Royal Bank of Scotland.

At 31 August 2021 total borrowings subject to this agreement were £5,858,120 (2020: £4,028,052).

19. Commitments under operating leases

At 31 August 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Land and buildings		
Not later than 1 year	189,220	162,665
Later than 1 year and not later than 5 years	274,203	162,959
Later than 5 years	246,449	-
	<u>709,872</u>	<u>325,624</u>
	2021 £	2020 £
Other		
Not later than 1 year	32,536	24,131
Later than 1 year and not later than 5 years	44,973	36,522
	<u>77,509</u>	<u>60,653</u>

20. Controlling party

The company is a 100% subsidiary of Phoenix Child Care Limited and the ultimate parent company is Phoenix Learning & Care Holdings Limited.

The largest and smallest group in which results of the company are consolidated is that headed by Phoenix Learning & Care Holdings Limited.

The ultimate controlling party is Ashridge Capital (Phoenix) Limited Partnership.